GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1132
ANSWERED ON:21.07.2017
Insolvency and Bankruptcy Proceedings
Chandrappa Shri B.N.;Chavan Shri Ashok Shankarrao;Gavit Dr. Heena Vijaykumar;Gupta Shri Sudheer;Jayadevan Shri C. N.;Jayavardhan Dr. Jayakumar;Kambhampati Dr. Hari Babu;Kirtikar Shri Gajanan Chandrakant;Mahato Shri Bidyut Baran;Mohan Shri P. C.;Patil Shri Vijaysinh Mohite;Radhakrishnan Shri T.;S.R. Shri Vijay Kumar;Satav Shri Rajeev Shankarrao;Singh Shri Kunwar Haribansh;Sule Smt. Supriya Sadanand;Sundaram Shri P.R.;Suresh Shri Doddaalahalli Kempegowda

Will the Minister of FINANCE be pleased to state:

a) whether the Reserve Bank of India (RBI) has identified 12 large loan defaulters who account for 25 per cent of the total NPAs in the banking sector;
b) if so, the details of the defaulters along with the amount of NPAs;
c) whether the RBI has ordered banks to initiate insolvency and bankruptcy proceedings against these defaulters;
d) if so, whether the banks had conducted meeting of lenders to finalise resolution of loans; and
e) if so, the details thereof and the outcome thereto along with the steps taken/being taken by the Government to fast track bankruptcy proceedings under the insolvency and bankruptcy code (IBC)?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (e): Reserve Bank of India (RBI) has constituted an Internal Advisory Committee (IAC), which arrived at an objective, non-discretionary criterion for referring accounts for resolution under IBC. In particular, the IAC recommended for IBC reference all accounts with fund and non-fund based outstanding amount greater than Rs.5000 crore, with 60% or more classified as non-performing by banks as of March 31, 2016.

Accordingly, Reserve Bank of India has issued directions to certain banks for referring 12 accounts, qualifying under the aforesaid criteria, to initiate insolvency process under the Insolvency and Bankruptcy Code, 2016. As regards the other non-performing accounts which do not qualify under the above criteria, the IAC recommended that banks should finalize a resolution plan within six months. In cases where a viable resolution plan is not agreed upon within six months, banks should be required to file for insolvency proceedings under the IBC.

However, the names and details of borrowers are not disclosed as prescribed under section 45E of the Reserve Bank of India (RBI) Act, 1934 and Banking Laws, which provide for the obligation of a bank or financial institution to maintain secrecy about the affairs of its constituents.
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